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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

CC Docket No. 96-45

In the Matter of)

Federal-State Joint Board on)
Universal Service)

Public Notice on Recommended Decision (DA 96 1891)

**Comments of the Benton Foundation and the
Center for Strategic Communications**

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I. Introduction

In this Public Notice, the Commission and the Common Carrier Bureau seek further comment on recommendations of the Joint Board on Universal Service. Specifically, the Commission seeks comment on the additional principle of competitive neutrality, baseline federal support for low-income consumers, identifying support levels for schools and libraries, provisions for rural health care providers, and the administration of the universal service fund.

The Benton Foundation and the Center for Strategic Communications("Commenters") focus their remarks on two issues:

- the Commission should use the additional principle of competitive neutrality to begin defining the basic universal service package as the conduit that delivers services not as a set of narrowly defined services and
- the Commission should include the development of marketing strategies as part of the responsibilities of the new administrator of the universal service fund.

Benton believes that communications in the public interest, including the effort to connect all Americans to basic communications systems, is essential to a strong democracy. Benton's mission is to realize the social benefits made possible by the public interest use of communications. Benton bridges the worlds of philanthropy, community practice, and public policy. It develops and provides effective information and communication tools and strategies to equip and engage individuals and organizations in the emerging digital communications environment.

The Benton Foundation's Communications Policy Project is a nonpartisan initiative to strengthen public interest efforts in shaping the emerging National Information Infrastructure (NII). It is Benton's conviction that the vigorous participation of the nonprofit sector in policy debates, regulatory processes and demonstration projects will help realize the public interest potential of the NII. Current emphases of Benton's research include extending universal service in the digital age; the future of public service in the new media environment; the implications of new networking tools for civic participation and public dialogue; the roles of states as laboratories for policy development; and the ways in which noncommercial applications and services are being developed through new telecommunications and information tools.

Over the past two years, the Benton Foundation has commissioned a number of research papers on the subject of universal service and now hosts the World Wide Web's most comprehensive library of universal service and access documents.¹

The Center for Strategic Communications is a nonprofit educational organization that informs and educates nonprofit managers about a wide range of communications tools and media techniques as well as how to develop effective communications plans. It also fosters increased investment by the grantmaking community for the use of communications and technology as a way to leverage program investments. Finally, it works to strengthen the not-for-profit technical assistance sector so that it may better meet the communications needs of the not-for-profit sector.

¹ See URL <http://www.benton.org/Uniserv/>

II. Principles

How should the additional principle of competitive neutrality be defined and applied within the context of universal service?

The Commission should recognize the rapid convergence of the technologies of access and service, the providers of these technologies, and the services themselves. This convergence is destroying the traditional conceptual and regulatory unity between company, facilities, and service.

Take, for example, a convergence of two current Commission proceedings: universal service and advanced television. When broadcasters adopt digital broadcast technology, they will be able to deliver a number of non-broadcast services to consumers. Broadcasters could become multi-channel operators, wireless telephony providers, and/or Internet service providers. And, as an Internet service provider, the broadcaster could deliver telephony, video, audio, and data. Will we continue to regulate "television" – which could be hardware that serves the function of a TV, phone, fax, pages, and computer – through the Mass Media Bureau when it delivers functions regulated by the Common Carrier and Wireless Bureaus as well? How will regulators respond to the shrinking differences between the telephone carrier and the television carrier when the latter can provide the function of the former? What universal service obligations might a broadcaster adopt when it begins to become a conduit for telephony?

The Commission should move away from a universal service system that focuses on services and move towards a system defined by transport and termination requirements. Transport requirements concern the quality and capacity of telephony media² (such as single-party service or being capable of providing fax/data service at specified speeds) and the distribution of those media (anti-redlining provisions, for example). Termination requirements mandate carriers to connect a user with a specified destination on demand (for example, equal access to interexchange carriers). In so doing, the Commission adopts policies without either specifying or implying specific facilities, architecture, or network topography and the carriers that are traditionally associated with those elements.

The Joint Board has recommended and the Commission may adopt a narrow set of services to be the basic "universal service package."³ This list, however, may never be inclusive enough to meet the legislative goal of serving all customers. The Commission would do better to define the basic package as a conduit that can deliver access to commercially available telecommunications services. In this way the market – the consumer – could decide what package of services works best.

If the Commission fails to adopt policies that take these issues into account it will result in rules that are:

- **Anti-competitive** – because they assume the traditional link between facilities and services, which is no longer necessary yet give obvious advantage to implied ways of delivering a service.

² Phone lines, spectrum, etc.

³ Single-party service, voice grade access to the public switched telephone network (PTSN), dual-tone multi-frequency (DTMF) signalling or its functional digital equivalent, access to emergency services, access to operator services, access to directory assistance (not the service itself), and access to interexchange (long distance) services.

- **Anti-consumer** – because they undermine competitive pressures to serve the relevant market, the household, in the least costly, most innovative way possible, regardless of technologies.
- **Antithetical to reaching stated policy goals** – because they will not result in the broadest possible range of user needs being met.

The Commission should also consider competitive neutrality when addressing the need to market universal service programs to eligible individuals and institutions. The Commission should develop the marketing strategy that is the most efficient, effective, neutral and impartial. The Commenters address such a strategy below.

III. Administration

Guidelines for Advertising

The Joint Board recommends "that the Commission not adopt, at this time, any national guidelines relating to the requirement that carriers advertise throughout the service area the availability of and rates for universal service using media of general distribution."⁴ The Joint Board states that [b]ecause relatively few commenters addressed [this and other issues related to carrier eligibility], there are few detailed proposals in the record on how to resolve them."⁵ This public notice, however, provides an opportunity to collect more detailed proposals.

The Joint Board recommendations and the resulting Commission order will produce radical changes for universal service eligibility and support. The worst of all possible universal service scenarios is the creation of explicit, competitively neutral support mechanisms that go unused because eligible recipients remain unaware of them. Low-income consumers will be allowed to choose from competing local service providers for the first time. Schools and libraries will be eligible for entirely new support and will need to choose from a number of providers.

The Joint Board recommends "that the Commission appoint a universal service advisory board to designate a neutral, third-party administrator."⁶ The administrator is to meet the following criteria:

- be neutral and impartial;
- not advocate specific positions to the Commission in non-administration-related proceedings;
- not be aligned or associated with any particular industry segment;
- not have a direct financial interest in the support mechanisms established by the Commission; and

⁴ See FCC 96J-3 at ¶ 164.

⁵ See FCC 96J-3 at ¶ 163.

⁶ See FCC 96J-3 at ¶ 829.

- any candidate must also have the ability to process large amounts of data and to bill large numbers of carriers.⁷

The Commenters propose that the administrator also be charged with developing competitively neutral marketing strategies and to implement universal service marketing campaigns to make eligible individuals and institutions aware of the resulting support mechanisms.

The Commenters propose that organizations competing to become the administrator of the universal service fund should include plans to create a Universal Service Marketing Group (USMG).⁸ The USMG would work with the administrator to recruit a qualified advertising agency to develop print, billboard, radio, television, and Internet advertising for the universal service program. The USMG would also work with existing national organizations with the information infrastructures to alert eligible constituencies of universal service support mechanisms. The USMG should be comprised of representatives from consumer groups, public interest advocates, state consumer advocates, as well as experienced marketing executives from the telecommunications industry.

The USMG offers distinct advantages over relying on individual telecommunications providers for marketing universal service benefits:

- it makes no economical sense to have multiple marketing campaigns conducted by each carrier who is trying to sign up the same customers, especially when the marketing expense of each carrier is subsidized by the universal service fund;
- multiple marketing efforts tend to indirectly subsidize a carrier's overall marketing strategy by encouraging a potential customer to sign up regardless of their eligibility for universal service support;
- universal service-targeted advertising indirectly subsidizes the marketing of other services, such as toll and enhanced services, that the carrier can sell to consumers once they have become customers;
- carriers could potentially abuse a subsidized marketing system;
- certain carriers could be disadvantaged if funds for marketing are distributed based on a carrier's size or the number of customers it serves;
- the USMG could target consumer groups that have lower subscription rates by coordinating efforts with community-based organizations that work with these constituencies;

⁷ See FCC 96J-3 at ¶ 830.

⁸ For model of universal service marketing group, see California Public Service Commission, *Decision 96-10-066: Investigation on the Commission's Own Motion into Universal Service and to Comply with the Mandates of Assembly Bill 3643* October 25, 1996.

- the USMG could ensure that the additional principle of competitive neutrality is adhered to by allowing potential customers to see that they have a number of providers to choose from;
- coordination of efforts could be improved; for example, the USMG could help coordinate efforts to connect schools and libraries with the consultants and trainers these institutions may need to make best use of information technologies and services; and
- need for Commission oversight of carriers' efforts in this area would be substantially decreased.

The Commission should consider, as a parallel case, the Earned Income Tax Credit (EITC) program. EITC is a tax benefit for low-income workers; it reduces or eliminates the taxes owed by low-income households. In tax year 1995, over 19 million families and workers received a total of \$25 billion in EITC benefits. In 1988, the year before the program outlined below⁹ began, only 8.8 million families with children received EITC benefits.

The Center on Budget and Policy Priorities ("Center") – a national, nonprofit organization based in Washington, DC – recognizes the importance of making sure that policies designed to assist low-income working families actually function as intended in the real world. The Center has conducted an EITC marketing campaign in each tax year since 1988. The Center's campaigns emphasize the role for nonprofit organizations in delivering services to targeted populations. Since 1989, the Center has distributed more than 150,000 outreach campaign kits with materials in 16 languages. The Center has 7,000 organizations and agencies in its nationwide campaign network.

Although it is hard to measure the direct impact of the Center's outreach campaign, EITC participation has risen every year since 1989 despite predicted drops and new filing criteria. The Internal Revenue Service has recognized the substantial contribution to increased use of the EITC benefit. The IRS has written that the Center's "aggressive outreach efforts" have been a major factor behind the increases and have had a "profound impact." The IRS has joined the Center in its efforts by participating in Center-sponsored training sessions. Governor Tommy Thompson of Wisconsin, Chairman of the National Governors' Association, has sent a copy of the Center's outreach kit to every governor, urging them to join in this endeavor.

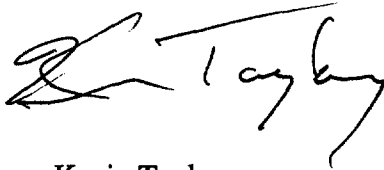
IV. Conclusion

The Commenters strongly urge the Commission to whole-heartily adopt the additional principle of competitive neutrality. In this and future proceedings, the Commission should be identifying certain elements – such as transport and termination requirements – that make up the definition of the basic universal service package. The Commission should avoid identifying the basic package as a narrow set of services with their implications of certain carriers, networks and/or topography.

The Commenters also suggest that the Commission consider competitive neutrality when planning for the marketing of universal service support for both individuals and organizations. A neutral and impartial independent body affiliated with the universal service fund administrator and working with national and local organizations could best alert eligible constituencies of universal service support mechanisms.

⁹ Also see Appendix I: The 1997 Earned Income Credit Campaign.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin Taglang". The signature is fluid and cursive, with the first name "Kevin" written in a more stylized, looped manner.

Kevin Taglang
Benton Foundation

A handwritten signature in black ink, appearing to read "Janel Radtke". The signature is fluid and cursive, with the first name "Janel" written in a more stylized, looped manner.

Janel Radtke
Center for Strategic Communications

Appendix I
The 1997 Earned Income Credit Campaign

***The Earned Income Tax Credit Program:
The Role of the Center on Budget and Policy Priorities***

The Center has for some time served as the leading national organization working on the Earned Income Tax Credit. The EITC is a tax benefit for low-income workers. For those who owe federal income tax, it can reduce or eliminate the tax they owe, and some workers can get money back. Even workers who don't owe income tax can qualify. These workers receive their entire EIC in a check from the IRS.

In tax year 1995, over 19 million families and workers received a total of \$25 billion in EIC benefits. The average family's credit was \$1597.

Center analyses issued since 1984 on ways to improve the Earned Income Tax Credit helped lead to the enactment of significant EITC expansions in 1984 and 1986 and to the particularly large expansion in 1990 that more than doubled EITC benefit levels. The Center was especially heavily involved in work leading to a further, historic expansion of the EITC in 1993. As a result of that expansion, the EITC was raised to the point at which a family of four with full-time minimum wage earnings will be lifted above the poverty line if the family also receives food stamps and if the Clinton proposal to raise the minimum wage modestly is enacted. Starting this year, the EITC provides a 40 percent wage supplement to families with earnings of just under \$9,000, about what full-time minimum wage work pays.

In addition to policy work on the EITC, the Center also recognizes the importance of making sure that policies designed to assist low-income working families actually function as intended in the real world. Accordingly, we conduct an outreach campaign to help working poor families receive the EITC benefits that they have earned. The outreach campaign works with state and local organizations and agencies across the country to inform low-income workers and families of their eligibility for the EITC and educate them about how to receive these benefits.

The Center initiated its EITC outreach campaign following passage of the Tax Reform Act of 1986. That act eliminated federal income tax liabilities for working poor families; as a result, many such families receive a W-2 form at the end of the year showing no income tax was withheld from their paychecks. Many of these families may conclude there is no reason to file a tax return. But if they do not file, they lose the EITC benefits for which they qualify.

In response, the Center launched a nationwide effort in 1989 to publicize the need for working poor families with children to file the proper tax forms to receive the EITC benefits they have earned. These outreach efforts became even more important in the early 1990s when a requirement was added that families must complete and enclose

with their tax return a separate form, Schedule EIC. Families not submitting Schedule EIC are denied the credit.

Since 1989, the Center has distributed more than 150,000 outreach campaign kits, which include English and Spanish posters and flyers and other materials, and has assisted in the creation of hundreds of state and local outreach campaigns across the country. Campaigns have been organized by governors, mayors, social service agencies and direct service providers, advocacy groups, community development corporations, religious organizations, day care centers, United Ways, labor unions, and businesses employing low-wage workers. We currently have more than 7,000 organizations and agencies nationwide in our EITC campaign network; the campaign has become the largest sustained private-sector outreach effort ever mounted for a public benefit program. Recently, Governor Tommy Thompson of Wisconsin, Chairman of the National Governors' Association, sent a copy of the Center's outreach kit to all governors with a letter urging them to join this "important endeavor."

The campaign includes such features as training sessions conducted around the country each year by the Center and the provision of outreach materials in many languages. This year, for example, the Center provides an EITC flyer in Cambodian, Chinese, Korean, Laotian, Hmong, Russian, Spanish, Haitian-Creole, Amharic, Tagalog, French, Farsi, Amharic/Ethiopian, Ukrainian and Vietnamese. In addition, over the past three years, the Center has coordinated over 50 training sessions in 13 states and the District of Columbia.

The Impact of the Center's EITC Outreach Campaign

IRS data indicate the Center's outreach campaign has had a major impact, with the number of families receiving the EITC rising substantially in virtually every year since the campaign started. In 1988, before the Center began its campaign, 8.8 million families with children received EITC benefits. Preliminary data indicate that in 1995, some 15 million families with children did, securing more than \$20 billion in benefits. An additional four million workers not raising children received the EITC for the first time in 1995.

Some of the growth in EITC receipt among families with children is due to expansions in EITC eligibility and deterioration in earnings. But much of the growth cannot be explained by these factors and appears to be due instead to the outreach efforts.

For example, while some of the growth between 1988 and 1989 in the number of families receiving the EITC was attributable to an increase in the number of families eligible for the credit as a result of provisions in the Tax Reform Act of 1986, this factor could explain only part of that year's EITC increase. The increase in the number of

families receiving the credit in 1989 was about one million larger than the IRS or the Joint Committee on Taxation had projected.

Between 1989 and 1990, there was no change in the EITC eligibility criteria, and Census data indicate that the number of eligible families edged down slightly. As a result, the Joint Tax Committee forecast a change of less than one percent between 1989 and 1990 in the number of families receiving the credit. Instead, the number of families receiving EITC payments climbed nearly 770,000.

In 1991, EITC receipt increased yet again, by nearly one million additional families. Analysis of the 1991 data indicates that about half the increase was due to a recession-generated increase in the number of families eligible for the EITC. Census data indicate that the number of low-income working families climbed approximately 3.4 percent, suggesting a similar climb in the number of families *eligible* for the credit. The number of families *receiving* the credit, however, rose 7.9 percent. These data suggest that outreach efforts may have been responsible for much of the other half of the growth in EITC receipt in 1991.

The number of families receiving the EITC registered another large increase in 1992 to 13.9 million. Once again, part of the increase appears to have been due to deterioration in the economy and part due to increased participation rates. It also is noteworthy that the largest percentage increases in EITC receipt from 1989 through 1992 generally were concentrated in states with the strongest outreach campaigns.

In 1993, the number of families receiving the credit rose another 500,000 to 14.4 million. This represented a particularly significant accomplishment; 1993 was the first year in which the IRS required that families must fill out a separate, new tax schedule — Schedule EIC — and attach it to their tax return. Families not doing so were denied the EITC. Some analysts had predicted this requirement would cause a significant drop in EITC participation; instead, EITC receipt went up. The Center's 1993 campaign heavily publicized the need for low-income working families to enclose Schedule EIC with their tax returns.

In 1994, more than 15.3 million families received the EITC. This latest increase was significant because the number of low-income working families appeared to have increased only slightly from the previous year. What increased more substantially was the proportion of eligible families actually receiving the credit. Overall, participation in the EITC continued to increase in 1995 and 1996.

The IRS has concluded that the Center's EITC outreach efforts have contributed substantially to the large increases in EITC receipt. The Internal Revenue Service has written that the Center's "aggressive outreach efforts" have been a major factor behind the increases and have had a "profound impact." In fact, the IRS has cooperated in support of specific outreach efforts and have participated in all Center-sponsored EITC trainings.

The Earned Income Credit Campaign

The Center maintains a list of over 7,000 organizations, government agencies and employers currently active in informing low- and moderate-income workers about the Earned Income Credit. This federal tax credit is available to workers raising children and can reduce any federal income tax owed, or be received as a refund even if no taxes are owed. Workers raising children can receive as much as \$3,556 for work in 1996. Workers who aren't raising children in their home, but who earn less than \$9,500 in 1996 and were between ages 25 and 64 can also qualify for a smaller credit.

However, workers must file a federal tax return, and a special form for their children, in order to receive the Earned Income Credit. Many low-wage workers don't normally file tax returns, either because they earn below the amount that requires them to file, or because they fear they will owe taxes to the government. Workers who have low reading abilities, or who are non-English speakers also can be intimidated or confused by tax forms.

When the Earned Income Credit was expanded to provide a greater income supplement to workers raising children, the Center realized a national effort would be needed to let people know about it, inform them how to get it, and help them take advantage of free programs to prepare tax returns. In 1989 we launched the EIC Campaign. The Center developed an outreach packet for organizations to use in this effort, called the EIC Campaign Kit, updated each year. We mail a copy of the Kit free to active Campaign participants, and also provide bulk quantities to national and state organizations for distribution to their networks. We also advise these Campaign partners of proposed changes in the EIC created by new regulations or legislation, so that they can communicate with their legislators.

Our database has allowed us to communicate with about 17,000 EIC Campaign participants over several years:

- we can winnow those who are no longer active or change to a new contact person.
- we can also quickly look up an individual group to check on an address error, or because they order extra copies.
- we can print out invoices for special orders, without retyping information.
- we have been able to add on, even after the database was set up, new ways to print out lists or mailing labels of groups that fit certain categories.
- we can drop categories of information that are no longer useful.

We can identify which groups are most active and most likely to respond to a legislative alert. This enables us to do grassroots work more efficiently and economically than having to send out 7,000 pieces of information each time or figuring

out which of 500 groups in one state to call on short notice. We use the list to organize training programs in particular priority areas each year.

We can print mailing lists or phone/fax lists by state, by city or by post office zip code number. This enables us to inform a campaign partner of other groups in their area also interested in working on the EIC. We can also initiate fax alerts to partners in states whose member of Congress is on a key committee considering changes to the EIC.

We have been interested in encouraging neighborhood-based housing development groups to promote the EIC, and we are able to print lists of such groups for specially targeted mailings.

Similarly, we want to know which of our EIC partners are child care service providers so that we can involve them in a children's health care outreach project, and because they are often good organizations to take the lead on coordinating EIC efforts.

We keep track of which EIC partners are utility companies, businesses, and government agencies, because we often approach them differently than grassroots groups or have special materials for them.

Because the EIC database is part of the Center's overall database, we can figure out which EIC partners are also subscribers to the Center's publications, or involved with other projects at the Center.

Earned Income Credit Envelope Stuffer

This English-Spanish envelope stuffer can be copied and mailed with paychecks, public assistance checks, bills and other mailings. Local phone and utility companies, for example, might send copies with their December, 1996 or early 1997 bills to customers. For more ideas on using the envelope stuffers, see the Strategy Guide in the EIC campaign kit.

TRIM

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Claim Your Earned Income Credit A Tax Benefit for People Who Work



You could be eligible!

Did you work in 1996? You may be eligible for the Earned Income Credit. If so, you'll owe less in taxes, and you could get cash back. Even if you don't owe income tax, you can get the EIC!

- Were you raising one child in your home in 1996? Did your family earn less than \$25,078? You can get up to **\$2,152**.
- Were you raising more than one child in your home in 1996? Did your family earn less than \$28,495? You can get up to **\$3,556**.
- If you weren't raising a child, did you earn less than \$9,500 in 1996? Were you between ages 25 and 64? You can get up to **\$323**.

Here's how you get it:

- If you were raising children in 1996, file federal tax return Forms 1040 or 1040A, not Form 1040EZ. Be sure to attach Schedule EIC.
- If you weren't raising children in 1996, just file any federal tax return.

Good news! In almost all cases, the EIC does not affect benefits like AFDC, food stamps, SSI, Medicaid or public housing.

Want more information? Want to find out how you can get your tax forms filled out for free? Call the IRS toll-free at **1-800-829-1040**.

THE 1997
EARNED
INCOME
CREDIT
CAMPAIGN

TRIM

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RECLAME SU CREDITO POR INGRESO DE TRABAJO

Un Beneficio Fiscal para Gente Que Trabaja - Usted calificaria

¿Trabajó en 1996? Usted calificaria para recibir el Crédito por Ingreso de Trabajo ("Earned Income Credit" o EIC). Si es así, reducirán sus impuestos y podría recibir dinero de vuelta. Incluso si no debe impuestos, usted puede recibir el EIC!

• ¿Crío a un niño en su hogar en 1996? ¿Ganó su familia menos de \$25,078? Usted puede recibir hasta **\$2,152**.

• ¿Crío usted a más de un niño en su hogar en 1996? ¿Ganó su familia menos de \$28,495? Usted puede recibir hasta **\$3,556**.

• Si usted no crío a un niño, ¿ganó menos de \$9,500 en 1996? ¿Tenía usted entre 25 y 64 años de edad? Usted puede recibir hasta **\$323**.

Esta es la manera de recibir el dinero:

• Si usted crío a niños en su hogar en 1996, presente el Formulario de devolución de impuestos 1040 o 1040A, no el Formulario 1040EZ. Asegúrese de incluir el Formulario llamado "Schedule EIC".

• Si no crío a niños en su hogar en 1996, presente cualquier formulario de declaración de impuestos federales.

¡Buenos noticias! En casi todos los casos, el EIC no afecta a los beneficios como el AFDC, cupones de alimentos, SSI, Medicaid o vivienda pública.

¿Necesita más información? ¿Quiere enterarse de cómo puede conseguir ayuda gratuita para llenar los formularios de declaración de impuestos? Llame al IRS gratuitamente al **1-800-829-1040**.

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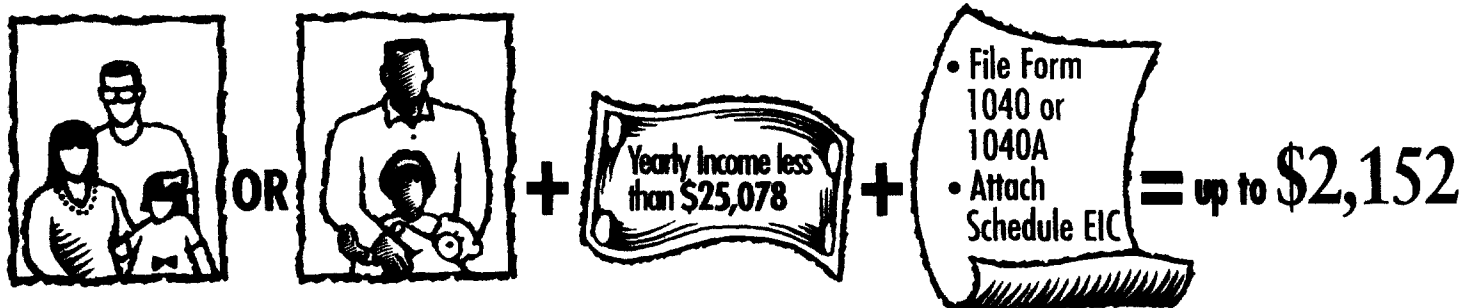
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The two-sided EIC envelope stuffer is easily reproduced on an office copier. There are two stuffers on each page to save you money on paper and copying. Make copies on one side, then turn your paper over and run it through again to have stuffers with English on one side and Spanish on the other. When trimmed, the stuffers should fit in just about any size envelope.

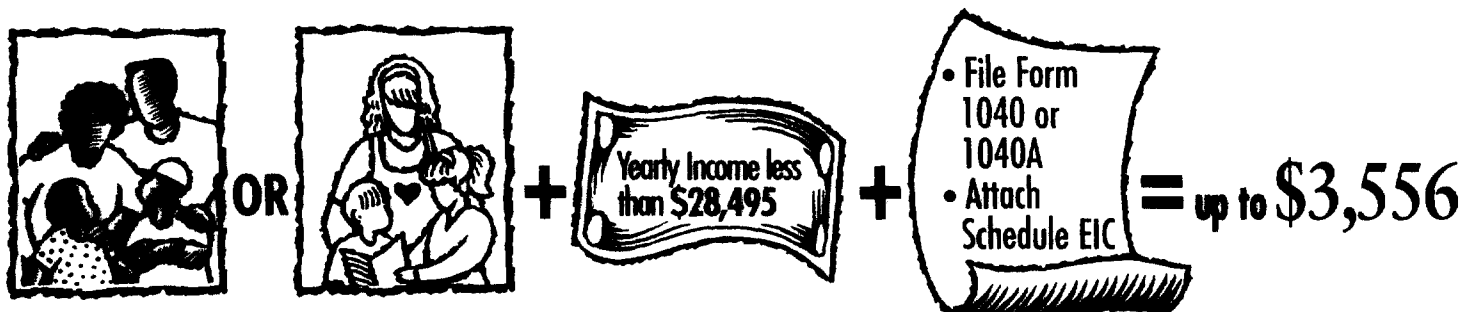
THE 1997
EARNED
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CREDIT
CAMPAIGN

Put Some Extra Money in Your Pocket!! Claim Your Earned Income Credit

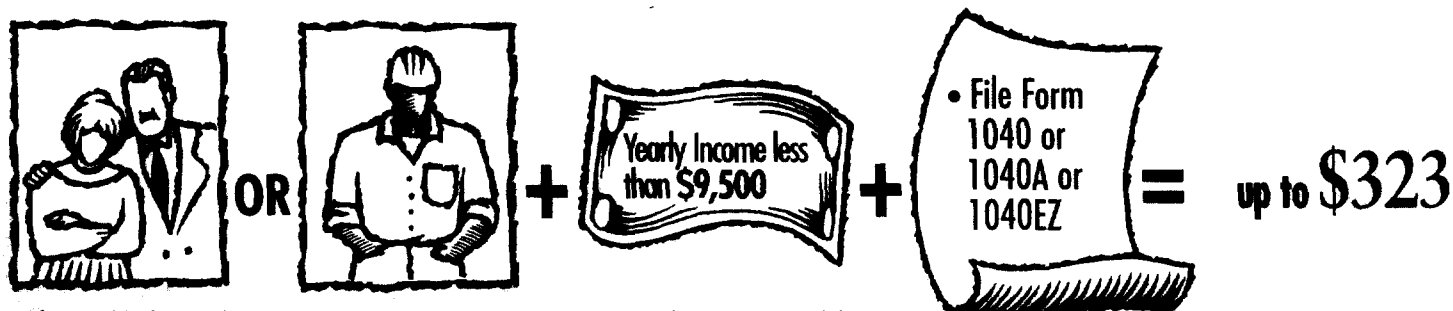
A Tax Benefit for People Who Work



If you lived with one child in 1996 and your family earned less than \$25,078, you can get up to \$2,152.



If you lived with two or more children in 1996 and your family earned less than \$28,495, you can get up to \$3,556.

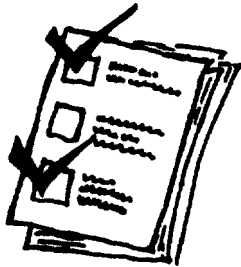


If you had no children living with you in 1996 and you earned less than \$9,500, AND you were between ages 25 and 64, you can get up to \$323.



The IRS is Going to Give Me Money?

Yes!! The Earned Income Credit (EIC) is a special tax benefit only for people who work full- or part-time. If you qualify, you'll owe less in taxes and you may get cash back. Even if you don't owe income tax you can get the EIC. But, you must file a tax return. Even workers who aren't raising children can get the EIC!



Get the Earned Income Credit By Filing a Federal Tax Return

If you were raising children in your home in 1996: File Form 1040 or 1040A, not Form 1040EZ. Be sure to attach Schedule EIC.

If you were not raising children in your home in 1996: File Form 1040, 1040A or 1040EZ. You don't need to file Schedule EIC.

Avoid Refund Delays

Be sure to provide the correct name and Social Security number for each person listed on your tax return.

Questions & Answers About the Earned Income Credit



What if I don't know how to file a tax return?

To get free help filing your tax return and for more information about the Earned Income Credit, call the IRS at 1-800-829-1040.

What if I haven't filed a tax return in a long while?

You can still get the EIC. If you were eligible you can claim the EIC for three years back. Call the IRS to find out how. If you owe back taxes, the EIC may lower your tax bill. You may also be able to work out a payment agreement.

Can I get a quick refund with my Earned Income Credit?

Yes, but it might not be your best choice. Quick refunds take away money from your EIC. Remember, free tax help is available.

What if I'm not a U.S. citizen?

Many legal immigrants who are employed are eligible for the EIC, including *green card* holders, refugees, and others legally authorized to work. Getting the credit will not hurt your immigration status.

I work and get public assistance benefits. If I get the EIC, will I lose my other benefits?

In most cases no. The EIC does not affect benefits like AFDC, Food Stamps, SSI, Medicaid or housing.



Get Free Help Filing Your Taxes!!!

VITA, a program of the IRS, helps people fill out their tax forms for free. VITA sites are open from late January through April 15. To find the VITA site near you, call 1-800-829-1040. Be patient — the line is often busy.

LA CAMPAÑA
DE CREDITO
POR INGRESO
DE TRABAJO
1 9 9 7

¡PONGA DINERO EXTRA EN SU BOLSILLO!

RECLAME SU CREDITO POR INGRESO DE TRABAJO

UN BENEFICIO FISCAL PARA GENTE QUE TRABAJA

• Llene el Formulario del IRS 1040 o 1040A,
• Adjunte el Formulario "Schedule EIC"

= hasta \$2,152

Si usted vivió con un niño en 1996 y su familia ganó menos de \$25,078, usted puede recibir hasta \$2,152.

• Llene el Formulario del IRS 1040 o 1040A,
• Adjunte el Formulario "Schedule EIC"

= hasta \$3,556

Si usted vivió con dos o más niños en 1996 y su familia ganó menos de \$28,495, usted puede recibir hasta \$3,556.

• Llene el Formulario del IRS 1040 o 1040A o 1040EZ

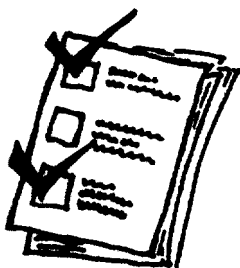
= hasta \$323

Si con usted no vivió ningún niño en 1996 y ganó menos de \$9,500,
Y si usted tenía entre 25 y 64 años, puede recibir hasta \$323.



¿El IRS ("Internal Revenue Service" o Servicio de Recaudación de Impuesto) Me Va a Dar Dinero a Mí?

¡¡Sí!! El Crédito por Ingreso de Trabajo (EIC o "Earned Income Credit") es un beneficio fiscal especial sólo para gente que trabaja a tiempo completo o a tiempo parcial. Si usted califica, reducirán sus impuestos y podría recibir dinero de vuelta. Incluso si no debe impuestos puede recibir el EIC. Pero tiene que presentar un formulario de devolución de impuestos. ¡Incluso los trabajadores que no están criando a niños pueden recibir el EIC!



Reciba el Crédito por Ingreso de Trabajo al Presentar un Formulario de Devolución de Impuestos Federales

Si usted crió a niños en su hogar en 1996: Llene el Formulario 1040 o 1040A, no el Formulario 1040EZ. Asegúrese de incluir el Formulario "Schedule EIC".

Si usted no crió a niños en su hogar en 1996: Llene el Formulario 1040, 1040A o el 1040EZ. No tiene que llenar el Formulario "Schedule EIC".

¡Evite la demora de su devolución!

Esté seguro de darnos correctamente, el nombre y número Seguro Social de cada persona que se encuentra registrado en su formulario de impuestos.

Preguntas y Respuestas sobre el Crédito por Ingreso de Trabajo (o Crédito EIC)



¿Qué hago si no sé cómo llenar un formulario de devolución de impuestos?

Para conseguir ayuda gratuita para llenar el formulario de devolución de impuestos y para recibir más información sobre el Crédito EIC, llame al IRS al 1-800-829-1040.

¿Qué ocurre si no he presentado un formulario de devolución de impuestos en mucho tiempo?

Aún así puede recibir el EIC. Si usted calificaba, puede reclamar el EIC por los últimos tres años. Llame al IRS para enterarse de cómo hacerlo. Si debe impuestos retrasados, el EIC puede reducir la cantidad debida. También es posible que pueda arreglar un acuerdo de pago.

¿Puedo recibir una devolución rápida con mi Crédito por Ingreso de Trabajo?

Sí, pero puede que no sea la mejor opción. Las devoluciones rápidas restan dinero de su EIC. Recuerde, puede conseguir asistencia gratuita sobre impuestos.

¿Qué ocurre si no soy un ciudadano de Estados Unidos?

Muchos inmigrantes documentados que están empleados califican para el EIC, incluyendo a quienes tengan la tarjeta verde, refugiados y otras personas autorizadas legalmente a trabajar. Recibir el crédito no afectará a su estado migratorio.

Yo trabajo y recibo beneficios de asistencia pública. Si recibo el EIC, ¿perderé mis otros beneficios?

En la mayoría de los casos, no. El EIC no afecta a los beneficios como el AFDC, cupones de alimentos, SSI, Medicaid o vivienda pública.

¡¡Obtenga Asistencia Gratuita para Declarar sus Impuestos!!!

VITA, un programa del IRS, ayuda a aquellos interesados a llenar los formularios de impuestos gratuitamente. Las oficinas de VITA están abiertas desde finales de enero hasta el 15 de abril. Para enterarse de la localización de la oficina de VITA más cercana, llame al 1-800-829-1040. Tenga paciencia, pues el número está ocupado a menudo.



EIC Participation for Tax Year 1995, by State

These *preliminary* figures show the number of families in each state that claimed the EIC in the first eight months of 1996 (for tax year 1995) and the total dollar amount claimed in each state. These figures include the participation of about 4 million workers not raising children, who became eligible for the EIC for the first time in tax year 1994. State-by-state figures on participation by these workers are not available. These numbers are subject to modification as more 1995 tax returns are processed.

State	Working Families and Individuals Getting the EIC	Amount
Alabama	440,235	\$653,848,000
Alaska	26,879	29,687,000
Arizona	338,680	468,754,000
Arkansas	245,698	351,307,000
California	2,516,947	3,537,064,000
Colorado	233,927	286,771,000
Connecticut	127,994	140,669,000
Delaware	48,156	63,450,000
D.C.	52,517	68,176,000
Florida	1,197,271	1,595,736,000
Georgia	651,135	918,374,000
Hawaii	57,846	60,984,000
Idaho	82,301	108,413,000
Illinois	753,892	977,007,000
Indiana	366,445	466,976,000
Iowa	160,649	193,495,000
Kansas	151,040	188,108,000
Kentucky	301,015	386,742,000
Louisiana	469,285	702,906,000
Maine	81,664	96,629,000
Maryland	311,993	397,291,000
Massachusetts	269,425	297,039,000
Michigan	552,001	679,914,000
Minnesota	222,808	259,081,000
Mississippi	346,028	537,877,000
Missouri	381,736	496,283,000
Montana	66,285	81,601,000
Nebraska	102,960	128,563,000
Nevada	113,108	141,010,000
New Hampshire	57,157	66,293,000
New Jersey	440,029	556,265,000
New Mexico	171,895	228,475,000
New York	1,186,470	1,484,289,000
North Carolina	638,509	871,065,000
North Dakota	40,748	48,214,000
Ohio	668,758	829,844,000
Oklahoma	273,353	363,039,000
Oregon	200,504	252,231,000
Pennsylvania	665,816	798,003,000
Rhode Island	55,662	65,064,000
South Carolina	362,961	511,580,000
South Dakota	52,391	65,352,000
Tennessee	468,092	628,731,000
Texas	1,835,981	2,711,506,000
Utah	106,902	139,619,000
Vermont	37,576	42,575,000
Virginia	430,146	559,207,000
Washington	297,947	357,746,000
West Virginia	134,937	171,358,000
Wisconsin	260,904	315,697,000
Wyoming	33,487	41,220,000
U.S. Total	19,140,013	\$25,465,575,000

1997 EIC Campaign Outreach Strategy Guide

Helping Workers Get The Earned Income Credit: A Guide to an Effective Campaign

Need help starting an EIC outreach campaign? Want to revitalize your on-going outreach efforts? This guide has step-by-step suggestions to help you build a campaign that works! It's full of strategies and ideas that have been used by thousands of groups like yours around the country to help eligible workers claim the Earned Income Credit.

How to use this Guide

If this will be your first EIC outreach campaign, read the guide cover-to-cover. Start with the section on campaign basics where you'll find essential goals and activities as well as a timetable for running a campaign and important fundraising ideas. For more ideas, read the ten strategy sections and you'll be ready to set your campaign in motion!

If you've done EIC outreach before, focus on specific strategy sections to find ways to invigorate your campaign. Each of the ten strategy sections includes campaign tips highlighting activities that have been successful across the country.

Here's what's inside...

***Campaign Basics* 2**

Key goals, timing and fundraising

Beyond the Basics: 10 Key Strategies for Outreach:

1. Build a local EIC network 6
2. Involve businesses and employers 7
3. Set up an EIC hotline 8
4. Target special efforts to workers without children 10
5. Involve government agencies in your campaign 11
6. Reach out to people who don't speak English 16
7. Reach out through schools 17
8. Work with your local IRS office 18
9. Use the media 19
10. Improve the EIC through your state legislature 23

***Sample Public Service Announcements* 25**

***For more information on running an EIC campaign* 26**

Campaign Basics

What are the key goals of a campaign?

The primary goal of an EIC campaign is to let workers know they're eligible for the credit, and to give them the information they need to apply for it.

There are many reasons eligible workers don't claim the EIC: they might not know about it, or they don't know the right way to apply. Workers who don't earn enough to have federal income tax withheld from their pay may not be in the habit of filing a tax return. People who don't file a tax return cannot get the EIC.

This campaign kit includes a brochure, poster, envelope stuffer and flyer to help you tell workers about the credit. Use these materials to spread the word. Easy access to information will encourage people to apply. Adding your organization's name and phone number, or a local EIC hotline number to these materials will be very helpful to workers since information lines at the IRS (1-800-TAX-1040) are often busy.

Letting people know about free tax help is a crucial part of an EIC campaign.

Many workers find filing tax returns confusing and difficult, and a majority end up paying someone to do it for them. This takes money away from their EIC. Most workers don't know that free tax preparation is available through an IRS-sponsored program called VITA (Volunteer Income Tax Assistance).

Two fact sheets in this kit tell you how to help workers get their taxes filed accurately, on-time and free-of-charge: "VITA! Free Tax Preparation for Low-Income Workers" and "Commercial Tax Preparation and the EIC: Helping Workers Keep All of Their Refund."

Another key goal is to help workers take advantage of the advance EIC payment option.

When a worker chooses the advance EIC payment option, the employer adds part of the worker's EIC to every paycheck, and the worker gets the rest of the credit after filing a tax return. For many workers, getting part of their EIC in each paycheck can make a difference in paying the rent, buying groceries, and meeting other day-to-day needs. Employers also benefit from promoting advance EIC payments — they can help employees increase their take-home pay at no cost to the business.

Strategies for using the EIC posters

- Hang them in well-traveled areas.
- Post them in workplaces, store windows, laundromats, community bulletin boards, subways, buses, and other public places.
- Employers can hang them in the employee lounge, lunchroom, or dressing area.
- Union officials can post them at the local hall or on the workplace bulletin board.

The Center on Budget and Policy Priorities has a limited number of extra posters available at low cost. Or you can purchase larger quantities from the Center's printer. You can arrange to include your own logo or phone number on posters you order.

Unfortunately, many workers still don't know about advance EIC payments. You can help spread the word. For free copies of IRS envelope stuffers, brochures and posters about the advance payment, call 1-800-TAX-FORM. For more information on advance EIC payments, see the fact sheet in this kit called "Increasing Workers' Take-Home Pay."

When do you run an EIC campaign?

Ideally, planning for a successful campaign should start sometime in the fall. Many outreach activities, such as persuading employers to send EIC information with their workers W-2 forms, need plenty of lead time before the tax season begins in January. But even if you start in December or January, there's still lots you can do!

Two key periods for concentrating your efforts are:

- From mid-January through the beginning of February. This is when most workers receive W-2 forms from their employers.
- Between March 15 and April 15, when millions of workers race to beat the tax filing deadline.

Note! Getting the word out about advance payment can happen any time during the year.

How do you find funding for an EIC campaign?

Successful EIC outreach campaigns vary in scope. For some groups, extra funds are needed to cover the costs of copying and distributing materials, placing advertisements or staffing phone lines. There are many strategies your campaign can use to find the resources you need.

1. Explore a variety of funding sources. EIC

Campaigns can seek funding from foundations, charities, civic groups, the government, corporations, businesses, religious institutions, or individuals. In-kind support, such as copying or postage, may also be available from many of these groups.

2. Make requests that are likely to be granted. Requests for support can be general or tied to a specific project, such as producing and distributing outreach materials. For example, ask the local TV station to donate air time for a public service announcement. They are more likely to make this kind of contribution than a cash grant.

Strategies for using the EIC flyer, brochure and envelope stuffer

- Make them available in libraries, banks, community centers, churches, municipal offices, post offices, laundromats, and other public places.
- Encourage local businesses to distribute them to customers. Grocery stores can put them in shopping bags.
- Take a stack to PTA meetings, union training sessions, religious gatherings, and rallies.
- Use them as ads in your publications. Ask local newspapers to do the same.
- Government caseworkers and legal services lawyers can hand them out to clients.
- Employers can provide stuffers with paychecks or W-2 forms.
- Community organizations, religious groups, child care centers, unions, and others can mail them with newsletters.
- Local phone and utility companies can use them as bill stuffers.
- Welfare offices can mail them with public assistance checks, food stamps, and Medicaid cards.

3. If you've run a campaign before, find creative ways to document your success. Many funders will want to know about the specific impact of your campaign. They may ask how much money has come into the community, what the EIC has done for workers, or if it has decreased AFDC enrollment.

Unfortunately, these questions often are very difficult to answer. Local IRS statistics are not generally available. But there are other ways to demonstrate your campaign's success:

- **Show the need for the EIC.** While there may not be local EIC data, local information about low-income families can paint a picture of the need for the EIC. Statistics on poverty, hunger, unemployment, wages, and the cost-of-living will help make the case for the EIC.
- **Use state-level data.** Preliminary state-by-state EIC participation data for tax year 1995 are in the kit. These numbers can help you make a powerful statement about the success of EIC outreach, for example: "The EIC brought over \$700 million into the state of North Carolina in 1996!"
- **Highlight how the EIC boosts the local economy.** The EIC can bring more money into a state than many local industries. Consider drawing a comparison between EIC dollars and another source of state income. For example: "In recent years, the EIC has brought over \$170 million into the state of Washington — more money than the entire cherry crop!"

■ **Keep track of your press coverage.** Share newspaper clippings and tapes or transcripts of radio and TV coverage with funders. This will help establish your credibility and illustrate the scope of your efforts.

■ **Try to highlight EIC recipients as spokespeople.** Workers who have received the EIC as a result of your campaign's efforts may be willing to help you raise funds. They might write a testimonial or accompany you to a fundraising meeting to discuss the impact of the EIC on their lives.

■ **Demonstrate collaboration.** A list of the groups involved in your campaign will show that you have developed a broad-based partnership. This can help convince a funder to contribute. Be sure also to mention funding and in-kind assistance you've received from other sources.

Fundraising Ideas

Try foundations

■ There are many kinds of foundations. Target those that will see the EIC campaign as a way to further their mission — for example, a foundation that wants to improve the lives of children. *For a list of foundations in your area, see the Foundation Directory, published annually by the Foundation Center and available in most public libraries.*

■ Community foundations may be particularly interested in the EIC because they generally concern themselves with their area's economic health.

■ Local United Way offices often have funds to provide small grants. The United Way of America is a strong supporter of the EIC campaign.

■ While the application process for a foundation grant often takes several months, modest discretionary grants for specific, timely projects may be available. Grants under \$10,000, for example, may not require a proposal.

Try civic groups

Civic organizations can provide money, in-kind support or volunteers to assist EIC campaigns. Try groups like the Junior League, Rotary Clubs, or Lions Clubs.

More fundraising ideas!

Apply for a Community Development Block Grant

Cities and counties use the federal Community Development Block Grant (CDBG) to fund and promote housing and community development, particularly in lower-income communities. A few EIC campaigns have successfully obtained CDBG money. For the CDBG application deadline in your area, call your department of housing and community development. *For more information on obtaining CDBG funds for EIC outreach, call Steven Dow of Project Get Together, (918) 835-2882.*

Try corporations and businesses

- Many corporations have foundations that may be willing to support specific public education activities.
- Businesses also are a good source for in-kind support such as printing, postage, or running newspaper ads.

Try religious organizations

Religious groups often play an important role in providing social services to the poor. Many churches, synagogues, and mosques have social justice or social concerns committees, which can make donations.

Try individual donors

- Most contributions to charitable causes in this country are made by individuals, not foundations or corporations. Direct appeals, passing collection baskets at events, or holding raffles or other events can attract contributors.

Beyond the basics: 10 key strategies for outreach

A successful EIC campaign reaches into every corner of the state, city or local community, finding eligible workers and developing creative ways to reach them. Following are ten key strategies for building an EIC outreach campaign that works!

1. Build a local EIC network

Why is this important?

EIC outreach is a big job. The more organizations that participate in the campaign, the more people you will reach. Many organizations have built networks in their city or state that combine the talents and resources of diverse groups. This helps save on time and resources and multiplies the effectiveness of your campaign.

How do you do it?

1. Be a Convener!! Other groups in your community may already be conducting EIC outreach. Organize a meeting to find out what everyone has been doing. *Call the Center on Budget and Policy Priorities for a list of groups in your area that have received the EIC kit.*

2. Put together a broad-based network. An EIC campaign can unite many groups that don't ordinarily work together. Because the credit promotes work, family, self-sufficiency, and local economic development, it appeals to diverse groups.

Campaign Tip!

Some of the biggest increases in EIC participation have taken place in cities and states where far-reaching networks have been put in place. Here are the kinds of groups to include as you build your EIC network:

Local businesses	Local media	United Way
Chambers of Commerce	Merchants' associations	Local IRS officials
Religious institutions	Community-based groups	Local charities
Government agencies	Child care agencies	Labor unions
Members of Congress	State and local officials	

Throughout this Strategy Guide you will find examples of how to involve these and other groups in outreach activities. *For more on building a local EIC network, contact Sherry Lampman of the Minnesota Alliance for Children, (612) 487-0348.*